

Message Text

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ACTION EB-07

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CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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R 191728Z MAR 75

FM AMEMBASSY BERLIN

TO SECSTATE WASHDC 564

INFO AMEMBASSY BONN

USMISSION USBERLIN

C O N F I D E N T I A L SECTION 1 OF 2 BERLIN 5417

E.O. 11652: GDS

TAGS: BEXP, EGEN, ETRD, PFOR, GE, US

SUBJECT:BEIL PROPOSES WORK PROGRAM ON US-GDR TRADE MATTERS

STATE PASS COMMERCE FOR BEWT/DOWNEY

REF: (A) BERLIN 5402; (B) BERLIN 5348

1. GDR FOREIGN TRADE MINISTRY STATE SECRETARY GERHARD BEIL ARRIVED AT THE LEIPZIG SPRING FAIR BUSINESS DEVELOPMENT OFFICE (BDO) AT THE APPOINTED HOURS, 4:00 P.M., MARCH 10, TO ACCEPT AMBASSADOR COOPER'S INVITATION TO VIEW THE BDO. IT WAS THE FIRST MEETING OF BEIL AND THE AMBASSADOR. AFTER A FEW BRIEF PLEASANTRIES, BEIL LAUNCHED INTO AN OBVIOUSLY CAREFULLY PREPARED 15- MINUTE EXPOSITION REGARDING POSSIBLE FUTURE STEPS IN US-GDR TRADE RELATIONS.

2. BEIL STATED THAT THE GDR HAD NO ILLUSIONS REGARDING THE EXTENT TO WHICH TRADE RELATIONS COULD BE NORMALIZED
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IN THE CONTEXT OF THE TRADE ACT OF 1974 AND

THAT HIS GOVERNMENT WAS NOT OPTIMISTIC THAT THIS LEGISLATION COULD BE AMENDED BEFORE THE NEXT U.S. ELECTIONS. THE AMBASSADOR RESPONDED TO THIS IN-APPROPRIATE REMARK SAYING THAT THE TIMING AND SUBSTANCE OF ANY AMENDMENTS WERE MATTERS FOR THE AMERICAN CONGRESS. BEIL THEN SUGGESTED THAT WE SHOULD COMMENCE AT ONCE WITH ATTEMPTS TO CONSTRUCT THE FOUNDATION FOR AN EXPANDED COMMERCIAL RELATIONSHIP RATHER THAN AWAIT A SUNNY DAY WHICH MAY BE SEVERAL YEARS OFF. HE WENT ON TO SAY THAT HE WANTED TO GET AWAY FROM PLATITUDES AND VAGUE EXPRESSIONS OF INTEREST IN TRADE EXPANSION AND GET DOWN TO SPECIFIC, CONCRETE WAYS OF EXPANDING US-GDR COMMERCIAL CONTACTS. HE PROPOSED PROGRAM FOCUSED ON THREE BROAD AREAS:

A) EXPANDING US-GDR BUSINESS CONTACTS, INCLUDING EXCHANGES OF INFORMATION DESIGNED TO ENHANCE UNDERSTANDING OF OUR RESPECTIVE ECONOMIC SYSTEMS, AND THE DISSEMINATION OF INFORMATION ON TRADE OPPORTUNITIES;

B) EXAMINING THE OPPORTUNITIES FOR INCREASED GDR PURCHASES FROM FOREIGN SUBSIDIARIES OF US FIRMS (SINCE THE GDR, IN THE ABSENCE OF A TRADE AGREEMENT AND MFN DID NOT WISH TO INCREASE DIRECT PURCHASES IN THE U.S.); AND,

C) PROMOTING SCIENTIFIC AND TECHNICAL EXCHANGES (BECAUSE SUCH ACTIVITIES, SPECIFICALLY LICENSING ARRANGEMENTS AND TRANSFERS OF KNOW HOW, WERE NOT AFFECTED BY U.S. TRADE LEGISLATION).

3. BEIL CONTINUED THAT HE WAS PREPARED TO MEET AND DISCUSS WITH THE AMBASSADOR SUCH A WORK PROGRAM RIGHT AFTER THE CONCLUSION OF THE LEIPZIG FAIR, CONTENDING THAT HE COULD PROCEED IMMEDIATELY BUT SUGGESTING, AGAIN INAPPROPRIATELY, THAT THE AMBASSADOR WOULD PERHAPS NEED TO SEEK WASHINGTON'S APPROVAL. THE AMBASSADOR RESPONDED THAT, OF COURSE, HE WOULD COMMUNICATE WITH WASHINGTON ON SUCH PROPOSALS. IN
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THIS CONNECTION, THE AMBASSADOR NOTED THAT HE HAD ALREADY DISCUSSED WITH FIRST SECRETARY HONECKER A SCENARIO FOR BEGINNING TALKS ON TRADE MATTERS. THE AMBASSADOR INFORMED BEIL OF HIS CONVERSATION WITH HONECKER TO WHOM HE HAD EXPRESSED THE JUDGMENT THAT THERE WAS NO OCCASION FOR HIGH-LEVEL TALKS OR EXCHANGES OF OFFICIAL DELEGATIONS AT THIS TIME; RATHER, IT COULD BE HELPFUL FOR A FEW US-GDR TRADE SPECIALISTS

TO DISCUSS AT AN EXPERT LEVEL MEASURES FOR FACILITATING AND PROMOTING TRADE, TAKING INTO CONSIDERATION THE PROVISIONS OF THE TRADE ACT, WHOSE RESTRICTIONS HONECKER HAD NOTED VOLUNTARILY. THE AMBASSADOR REITERATED TO BEIL HIS INTEREST IN INCREASED BILATERAL TRADE BUT HELD TO THE PROCEDURES HE HAD OUTLINED TO HONECKER. BEIL ACCEDED TO THIS APPROACH. THE SUBJECT WAS LEFT WITH THE UNDERSTANDING THAT THE FOREIGN TRADE MINISTRY'S USA DESK OFFICER (SCHMIED) AND THE CHIEF OF THE EMBASSY'S ECONOMIC/COMMERCIAL SECTION WOULD CONFER AFTER THE LEIPZIG FAIR TO DISCUSS MODALITIES FOR FOLLOWING THROUGH ON THIS SUBJECT.

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4. COMMENT. BEIL'S PERFORMANCE--ARROGANT, AGGRESSIVE AND SEEMINGLY INTERNATIONALLY CUTTING--WAS TYPICAL OF THE MAN. HE CLEARLY WISHED TO TAKE UP, ELABORATE UPON AND ADVANCE THE THEME STATED BY COMMERCE DEPUTY ASSISTANT SECRETARY DOWNEY (REFTEL B) ON FEBRUARY 28, BUT HE DID SO IN AN OFFENSIVE MANNER. DESPITE THE UNPLEASANT NATURE OF THE CONVERSATION, THE EMBASSY BELIEVES THAT THE WORKING LEVEL TALKS NOW ENVISAGED COULD SERVE AS A

USEFUL FORUM FOR DISCUSSING A BROAD RANGE OF PRACTICAL QUESTIONS RELATING TO US AND GDR TRADE PROMOTION AND FACILITATION ACTIVITIES.

5. WHILE RECOGNIZING THAT THE PROSPECTS FOR EXPANDING TRADE WITH THE GDR ARE LIMITED, THE EMBASSY NEVERTHELESS BELIEVES THAT IT IS IN THE INTEREST OF THE UNITED STATES TO ADOPT A MORE FLEXIBLE ATTITUDE TOWARD TRADING WITH THE GDR, NOT ONLY FOR NARROW ECONOMIC ADVANTAGES BUT ALSO, AND MORE IMPORTANTLY, BECAUSE THE EMBASSY CONSIDERS EVEN A MODEST EXPANSION OF TRADE AND A REGULARIZATION OF COMMERCIAL CONTACTS TO BE IN THE CONFIDENTIAL

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INTEREST OF DETENTE. BECAUSE OF THE PROVISIONS OF THE TRADE ACT AND OBVIOUS UNEASINESS OVER DETENTE HAS SURFACED. FEELINGS ABOUT THIS HAVE BEEN EXPRESSED TO THE AMBASSADOR BY FORMER SOVIET AMBASSADOR YEFREMOV, AS WELL AS BY AMBASSADORS FROM OTHER SOCIALIST COUNTRIES REPRESENTED HERE. MOREOVER, SEVERAL WESTERN AMBASSADORS HAVE INFORMED AMBASSADOR COOPER THAT THEIR COUNTRIES ARE TRADING IN VARYING DEGREES, USUALLY IN SMALL VOLUMES, WITH THE GDR AND THAT THEY CONSIDER SUCH TRADE IMPORTANT FOR POLITICAL AS WELL AS FOR ECONOMIC REASONS. ON SEVERAL OCCASIONS, FRG PERMANENT REPRESENTATIVE GAUS HAS TOLD THE AMBASSADOR THAT HE AND HIS GOVERNMENT CONSIDER THAT A MORE FLEXIBLE AND FORTHCOMING POSITION ON THE PART OF THE UNITED STATES ON TRADE WOULD BE HELPFUL TO FRG-GDR RELATIONS AND ON THEIR CONTINUING NEGOTIATIONS. SUCH AN ATTITUDE TOWARD THE GDR BY THE UNITED STATES ON TRADE MATTERS SHOULD ASSIST IN DISPELLING THE DISQUIET WHICH REPRESENTATIVES OF THE SOCIALIST COUNTRIES HAVE EXPRESSED AND ALSO BRING OUR POSITION MORE INTO LINE WITH THAT OF MOST OF OUR NATO ALLIES. COOPER

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